GOVERNMENT OF INDIA
COMMUNICATIONS AND INFORMATION TECHNOLOGY
LOK SABHA

UNSTARRED QUESTION NO:529
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Electronic and Telecom Manufacturing
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Will the Minister of COMMUNICATIONS AND INFORMATION TECHNOLOGY be pleased to state:

(a) whether the Government proposes to make the country self-sufficient in the matter of electronic and telecommunications manufacturing under the Make in India initiative and if so, the details thereof:
(b) the details of import/export of electronic/telecommunication equipments made during the last three years and the current year, country-wise:
(c) whether large scale import of electronic and telecommunication equipments is being made from China and if so, the details thereof and the reasons therefor;
(d) the details of the Research and Development (R&D) undertaken in electronic industry to augment production and supply of quality goods at par with developed countries; and
(e) whether the Government proposes any policy initiatives to review the Electronics System Design and Manufacturing sector in the country and if so, the details thereof and the time by which such review is likely to be completed?

Answer

(a): Government is taking initiatives to promote electronic and telecommunications manufacturing in the country. Electronics and telecommunications manufacturing is one of the 25 focus sectors of the Make in India programme, which seeks to transform India into a global design and manufacturing hub. The promotion of electronics manufacturing is one of the pillars of Digital India programme. The target to achieve "Net Zero import" by 2020 is a manifestation of the intent. In this regard, various initiatives have been taken that are holistic, investor friendly and market driven towards creating conducive environment to attract global and domestic companies to invest in electronics manufacturing sector in the country. The details of the initiatives taken in this regard are at Annexure. Prior to May 2014, investment proposals worth Rs.12,000 crores (approx.) were received in the Department of Electronics and Information Technology (DeitY) under the Modified Special Incentive Package Scheme (M-SIPS). Since May 2014 till March 2016, investment proposals worth Rs.1,05,000 crores (approx.) have been received in DeitY under M-SIPS. Major investors are Bosch, Continental, GE, Sterlite, NIDEC, Mundra Solar, LG, Haier, Flextronics, SFO Technologies, Lava, Micromax, Karbonn, BHEL, BEL, Jabil, Amphenol Interconnect India Pvt. Ltd., Tata Power, Harman, Shogini, Magneti Merelli, Calsonic Kansei, Vihaan Networks, Hero Moto Corp, Salcomp, Syscom, Perto, etc. Investment proposals are mostly in the verticals of Display Fab, Solar, Telecom, Automotive Electronics, Electronic Components and Consumer Electronics.
(b) and (c): As per Directorate General of Commercial Intelligence and Statistics (DGCI&S), Kolkata, the total import, import from China and export of electronic and telecommunication items (which include computer hardware, peripherals; consumer electronics; electronic components; electronics and telecom instruments; accumulators, batteries and electrodes) during the last three years and the current year is as follows:
(USD Billion)

S.No.	Year	Total Import	Import from China	Export
1.	2012-13	33.5	16.5	8.2
2.	2013-14	33.2	17.0	7.8
3.	2014-15	37.5	19.0	6.2
4.	2015-16 (Upto Feb. 2016)	37.2	20.0	5.3

The list of country-wise import and export is available at http://deity.gov.in/sites/upload_files/dit/files/exim-electronics-529.xlsx. The large scale import of electronic (including telecommunication) items is taking place from China, as China has substantial share in global manufacturing of electronics.
(d): The Government is taking initiatives to promote research & development in electronics and the steps being taken in this regard are mentioned at S.Nos. 13 to 23 of Annexure.
(e): The Government has been reviewing the policies pertaining to Electronics System Design and Manufacturing (ESDM) sector in the country from time to time, as detailed below:
(i) Under the "Digital India" Programme and the "Make in India" Programme, the Modified Special Incentive Package Scheme (M-SIPS) has attained renewed vigour. Giving a big boost to electronics manufacturing in the country, in July 2015, the Government approved the extension and expansion of the M-SIPS. The scope of the scheme has been expanded to cover 15 new product categories, which were not covered earlier and some of the simplifications introduced are - allowing M-SIPS incentives from the date of submission of application; disbursement of incentives on a quarterly basis as against annual basis under the earlier scheme and allowing M-SIPS in any part of the country as against only in notified areas. The scheme has also been extended for a period of 5 years beyond July 26, 2015. The notification in this regard was issued on 03.08.2015.
(ii) The policy for providing preference to domestically manufactured electronic goods in procurement due to security considerations and in Government procurement was earlier notified vide DeitY Gazette Notification dated 10.02.2012. Several representations were received from organizations, industry and trade bodies and some Â¬Â¬Â¬countries expressing concerns regarding the policy provisions relating to electronic products having security implications and its application to the private sector. A review of the Policy was undertaken and the policy revised. The revised policy for providing preference to Domestically Manufactured Electronic Products in Government procurement has been notified by DeitY on 23.12.2013. The revised policy is applicable to all Ministries/ Departments (except Ministry of Defence) and their agencies for electronic products purchased for Governmental purposes and not with a view to

commercial resale or with a view to use in goods for commercial sale.

Annexure

Initiatives being taken by the Government to promote electronic and telecommunication manufacturing in the country

1. Promotion of electronics hardware manufacturing is one of the pillars of Digital India campaign of the Government.
2. The National Policy on Electronics (NPE 2012) was notified in October 2012 with the vision to create a globally competitive electronics design and manufacturing industry to meet the country''s needs and serve the international market.
3. Modified Special Incentive Package Scheme (M-SIPS) provides financial incentives to offset disability and attract investments in the Electronics Systems Design and Manufacturing (ESDM) sector. The scheme was notified in July 2012. The scheme provides subsidy for investments in capital expenditure - 20% for investments in SEZs and 25% in non-SEZs. The scheme is available for both new projects and expansion projects. For high technology and high capital investment units like Fabs, production subsidy @10% is also provided. The incentives are available for investments made in a project within a period of 10 years. The scheme is open to receive applications till 26.07.2020.
4. Electronics Manufacturing Clusters (EMC) Scheme provides financial assistance for creating world-class infrastructure for electronics manufacturing units. The assistance for the projects for setting up of Greenfield Electronics Manufacturing Clusters is 50% of the project cost subject to a ceiling of Rs. 50 Crore for 100 acres of land. For larger areas, pro-rata ceiling applies. For lower extent, the extent of support would be decided by the Steering Committee for Clusters (SCC) subject to the ceiling of Rs. 50 Crore. For setting up of Brownfield Electronics Manufacturing Cluster, 75% of the cost of infrastructure, subject to a ceiling of Rs.50 Crore is provided.
5. Policy for providing preference to domestically manufactured electronic products in Government procurement is under implementation.
6. A meeting of State IT Ministers and State Government Officials was held on 26.08.2014 to encourage them to actively promote electronics manufacturing. Several States have shown keen interest.
7. Approvals for all foreign direct investment up-to 100% in the electronic hardware manufacturing sector are under the automatic route.
8. Under the Electronics Hardware Technology Park (EHTP) Scheme, approved units are allowed duty free import of goods required by them for carrying on export activities, CST reimbursement and excise duty exemption on procurement of indigenously available goods, as per the Foreign Trade Policy.
9. Tariff Structure has been rationalized to promote indigenous manufacturing of electronic goods.
10. Mandatory compliance to safety standards has been notified for identified Electronic Products with the objective to curb import of sub-standard and unsafe electronics goods. As of now, 30 electronic products are under the ambit of this Order.
11. Two Schemes for skill development of 90,000 and 3,28,000 persons, respectively in the electronics sector has been approved to provide human resource for the industry.
12. The Scheme to enhance the number of PhDs in the Electronic System Design and Manufacturing (ESDM) and IT/IT Enabled Services (ITES) sectors has been approved. 3000 PhDs are proposed to be supported under the Scheme.
13. Electronic Development Fund (EDF) policy has been operationalized to support Daughter Funds in the area of Electronics System Design and Manufacturing, Nano-electronics and IT. The fund is housed in Canbank Venture Capital Fund Ltd. and letters of commitment have already been given to four daughter funds. The supported Daughter Funds will promote innovation, R&D, product development and within the country.
14. Keeping in view the huge indigenous requirement on account of roadmap for digitalization of the broadcasting sector, Conditional Access System, entitled iCAS has been developed to promote indigenous manufacturing of Set Top Boxes (STBs). The iCAS is available to domestic STB manufacturers at a price of USD 0.5 per license for a period of three years as against market price of USD 4-5 per license for other competing products. The implementation of iCAS in the cable networks has already started.
15. An Electropreneur park has been approved for providing incubation for development of ESDM sector which will contribute IP creation and Product Development in the sector.
16. National Centre of Excellence in Large Area Flexible Electronics (NCFLEX) is being set up in IIT Kanpur with the objectives to promote R&D; Manufacturing; Ecosystems; Entrepreneurship; International Partnerships and Human Resources and develop prototypes in collaboration with industry for commercialization.
17. National Centre of Excellence for Technology on Internal Security (NCETIS) is being set up at IIT-Bombay with the objective to address the internal security needs of the nation on continuous basis by delivering technology prototypes required for internal security and to promote domestic industry in internal security.
18. Centre for Excellence on Internet of Things (IoT) is being set up in Bengaluru jointly with NASSCOM.
19. An Incubation center with focus on medical electronics is being set up at Indian Institute of Technology - Patna.
20. The Department of Electronics and Information Technology (DeitY) provides funding under several schemes for promotion of R&D, including support for International Patents in Electronics & IT (SIP-EIT); Multiplier Grants Scheme and Scheme for Technology Incubation and Development of Entrepreneurs (TIDE) in the area of Electronics, ICT and Management.
21. An Incubation center at Kochi with focus on consumer electronics is being set up at IIITKM.
22. DeitY has approved a project to be implemented by Global Innovation and Technology Alliance (GITA) to promote Innovation, IP, R&D and commercialization of products, etc. in the ESDM sector by providing funding support to an Industry, for doing collaborative research with an Academic Institute in the priority areas with a timeline of not more than two years.
23. DeitY has approved a project being implemented by Biotechnology Industry Research Assistance Council (BIRAC) to promote scientific and technological research in Medical Electronics sector in India to address the pressing challenges associated with the development of innovative medical electronics and making it available, accessible and affordable to the people at the bottom of the pyramid.

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